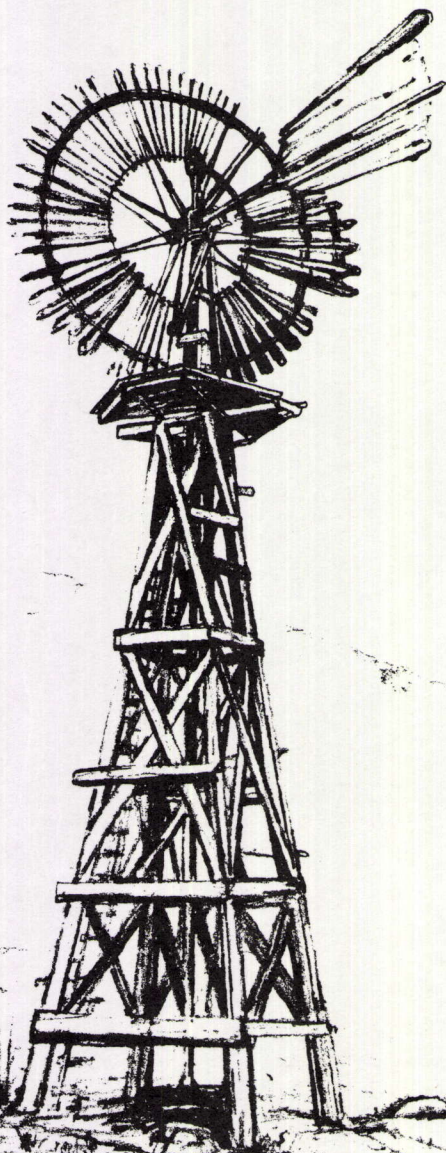


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UTELITE CORPORATION

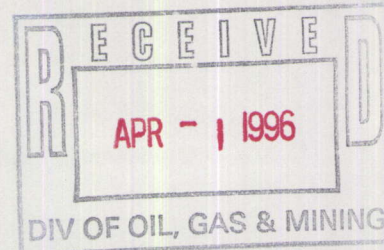
Financial Statements

December 31, 1995

Lynn M. Carlson & Co.

CERTIFIED PUBLIC ACCOUNTANTS

175 SOUTH MAIN STREET
SUITE 250
SALT LAKE CITY, UTAH 84111
TELEPHONE (801) 531-1317



UTELITE CORPORATION

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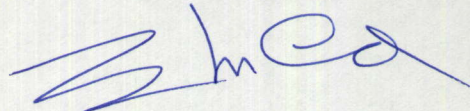
To the Board of Directors
UTELITE CORPORATION
Coalville, Utah 84017

We have reviewed the accompanying statement of assets and liabilities--income tax basis of **UTELITE CORPORATION** (an S corporation) as of December 31, 1995, and the related statements of revenues and expenses--income tax basis, retained earnings--income tax basis and cash flows--income tax basis for the year then ended, in accordance with standards established by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the owner of **UTELITE CORPORATION**.

The financial statements have been prepared on the accounting basis used by the Company for federal income tax purposes, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the income tax basis of accounting, as described in Note A.



LYNN M. CARLSON & CO.

March 30, 1996

UTELITE CORPORATION
STATEMENT OF ASSETS, LIABILITIES & EQUITY--INCOME TAX BASIS
December 31, 1995

ASSETS

CURRENT ASSETS

Cash	\$ 263,983.58
Trade Accounts Receivable	602,792.52
Material Inventory	57,254.33
Notes Receivable--Current	6,977.64
Notes Receivable Shareholders--Current	<u>3,500.00</u>

TOTAL CURRENT ASSETS 934,508.07

PROPERTY AND EQUIPMENT

Land	318,486.49
Buildings, Structures & Land Improvements	369,591.84
Plant Machinery & Equipment	3,003,373.94
Pollution Control Equipment	234,684.11
Machinery	807,008.12
Autos, Trucks, Trailers	101,251.44
Office Equipment	60,228.54
Less Accumulated Depreciation	<u>(3,468,362.71)</u>

1,426,261.77

OTHER ASSETS

Notes Receivable--LT	12,406.27
Notes Receivable Shareholders--LT	158,729.04
Assets in Progress	<u>295,971.98</u>

467,107.29

\$ 2,827,877.13

See accountant's report and notes to financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ 326,891.21
Accrued Payroll Taxes	4,832.77
Notes Payable--Current	<u>52,088.04</u>

TOTAL CURRENT LIABILITIES 383,812.02

LONG TERM LIABILITIES

Notes Payable--LT	<u>37,987.00</u>
	37,987.00

421,799.02

STOCKHOLDERS' EQUITY

Common Stock, Par Value \$1.00	164,758.00
500,000 Shares Authorized	
164,758 Shares Issued, of which	
49,370 are held in Treasury	
Premium on Capital Stock	235,415.30
Treasury Stock	(49,370.00)
Retained Earnings	<u>2,055,274.81</u>
	<u>2,406,078.11</u>
	<u><u>\$ 2,827,877.13</u></u>

See accountant's report and notes to financial statements.

UTELITE CORPORATION
 STATEMENT OF REVENUE AND EXPENSES--INCOME TAX BASIS
 For the year ended December 31, 1995

SALES \$ 4,980,748.13

COST OF SALES

Inventory Adjustment & Purchases	135,187.22
Compensation of Officers	102,060.28
Direct Labor	728,141.08
Plant Power & Utilities	127,749.26
Kiln Fuel	483,503.89
Delivery Expense	1,625,061.72
Small Tools	5,886.88
Supplies	26,270.98
Repairs & Maintenance	406,286.14
Fuel & Oil	75,642.64
Raw Material Royalties	29,327.68
Lab & Testing	686.85
	<u>3,745,804.62</u>

GROSS PROFIT 1,234,943.51

EXPENSES

Marketing & Promotions	28,042.98
Employee Benefits	132,769.06
Payroll Taxes	73,739.78
Advertising	8,413.47
Travel & Sales	14,057.63
Insurance	16,196.49
Telephone	14,346.15
Legal & Professional	113,536.92
Office Supplies & Postage	16,442.62
Taxes & Licenses	32,001.62
Auto Allowance & Expense	16,042.25
Miscellaneous & Bank Charges	7,283.25
Bad Debts	1,164.22
Dues, Subscriptions & Contributions	8,570.26
Training	3,540.25
Depreciation	379,831.68
Rents & Leases	15,535.25
Air Pollution Control	15,133.66
MSHA	2,137.00
ESCSI	12,790.48
Depletion	83,336.59
	<u>994,911.61</u>

INCOME FROM OPERATIONS 240,031.90

OTHER INCOME (EXPENSE)

Interest & Dividend Income	21,014.73
Gain or (Loss) on Sale of Assets	(6,941.71)
Interest Expense	(22,344.49)
	<u>(8,271.47)</u>

NET INCOME \$ 231,760.43

See accountant's report and notes to financial statements.

UTELITE CORPORATION
STATEMENT OF CASH FLOWS--INCOME TAX BASIS
For the year ended December 31, 1995

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers	\$ 4,862,180.65
Interest and dividends received	21,015.00
Other operating receipts	(6,941.71)
Cash paid to suppliers and employees	(4,002,211.69)
Interest paid	(22,344.49)

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	851,697.76
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CASH FLOWS FROM INVESTING ACTIVITIES:

Cash payments for the purchase of property	(336,954.58)
Provision for losses on accounts receivable	(55,741.95)
Cash proceeds from the sale of property	10,304.78

NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(382,391.75)
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CASH FLOWS FROM FINANCING ACTIVITIES:

Dividends paid	(350,000.00)
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NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(350,000.00)
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NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	119,306.01
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CASH AND EQUIVALENTS, BEGINNING OF YEAR	144,677.57
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CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 263,983.58
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See accountant's report and notes to financial statements.

UTELITE CORPORATION
STATEMENT OF CASH FLOWS--INCOME TAX BASIS
For the year ended December 31, 1995

RECONCILIATION OF NET INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES:

Net Income	\$ 231,760.43
<hr/>	
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	379,828.61
(Increase) decrease in accounts receivable	(38,728.90)
(Increase) decrease in inventories	98,445.67
(Increase) decrease in other assets	(79,838.36)
Increase (decrease) in accounts payable	176,893.72
Increase (decrease) in accrued liabilities	83,336.59
<hr/>	
Total adjustments	619,937.33
<hr/>	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 851,697.76
<hr/>	

See accountant's report and notes to financial statements.

UTELITE CORPORATION
 STATEMENT OF RETAINED EARNINGS--INCOME TAX BASIS
 For the year ended December 31, 1995

ACCUMULATED ADJUSTMENTS ACCOUNT

Balance, January 1, 1995	\$ 1,118,710.14
Taxable Income	231,760.43
Distributions	<u>(350,000.00)</u>
Balance, December 31, 1995	1,000,470.57

PREVIOUSLY TAXED INCOME

Balance, January 1, 1995	20,215.73
Distributions in Excess of the Accumulated Adjustments Account	<u> </u>
Balance, December 31, 1995	20,215.73

OTHER RETAINED EARNINGS

Balance, January 1, 1995	951,251.92
Additions to Allowance for % Depletion	<u>83,336.59</u>
Balance, December 31, 1995	<u>1,034,588.51</u>

TOTAL RETAINED EARNINGS, DECEMBER 31, 1995	<u><u>\$ 2,055,274.81</u></u>
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See accountant's report and notes to financial statements.

UTELITE CORPORATION
Notes to Financial Statements
(See Accountant's Report)

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Income Tax Basis of Accounting

The Company's policy is to prepare its financial statements on the income tax basis of accounting; consequently, the Company recognizes depletion expense as the greater of cost depletion or statutory depletion. Under generally accepted accounting principles, only cost depletion is acceptable.

Income Taxes

The Company has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under those provisions, the Company does not pay federal or state corporate income taxes on its taxable income. Instead, the stockholders are liable for individual federal and state income taxes on their respective shares of the Company's taxable income.

Allowance for Doubtful Accounts

No reserve for bad debt has been established by the Company. Historically, uncollectible accounts receivable have not been significant enough to warrant establishing a reserve. Bad debts are written off as it becomes evident that they are uncollectible; any recoveries are included in income when received.

Inventories

Inventories are valued at the lower of cost or market under the first-in, first-out, (FIFO) method. Cost is determined using the Internal Revenue Code's guidelines with respect to uniform capitalization of inventory.

Depreciation

Property, plant and equipment are carried at cost. Depreciation is provided over the estimated useful lives of the related assets using the accelerated cost recovery system and the modified accelerated cost recovery system required by the Internal Revenue Code.

Cash

For purposes of the statement of cash flows, the Company includes only cash on deposit and similar demand deposits that are not subject to withdrawal restrictions or material penalties as cash and cash equivalents.

NOTE 2--PROFIT SHARING PLAN

The company maintains a profit sharing plan for its employees. Contributions to the plan are based on eleven cents (\$.11) per yard of product sold in the quarters that the Company is profitable, an additional \$.0225 per yard of product sold and \$.0225 per yard of product produced are contributed to the profit sharing plan regardless of whether the company is profitable or not.

UTELITE CORPORATION
Notes to Financial Statements
(See Accountant's Report)

Profit sharing contributions expensed as an employee benefit in these financial statements are \$31,707.50.

The company also provides a fringe benefit cafeteria plan for its employees.

NOTE 3--LONG-TERM DEBT

Notes payable at December 31, 1995 are as follows:

	<u>1995</u>
A note payable due First Security Bank, incurred May 1, 1995. The note has a five-year term, monthly principal and interest payments of \$4,340.67 and bears an interest rate of the Bank's Prime Rate plus 1.75%, which represents a current interest rate of 10.75%. The note is secured by a Caterpillar 970F wheel loader and two Caterpillar 966E wheel loaders.	\$90,075.04
Less amount due within one year	<u>(52,088.04)</u>
	\$37,987.00

NOTE 4--BUY/SELL AGREEMENT

The Company has entered into an agreement with its four stockholders that obligates the Company, upon the death of a stockholder, to purchase the deceased stockholder's stock in the Company. The purchase price is established by formula.

NOTE 5--CONTINGENT LIABILITIES

Four years ago a lawsuit was brought against Summit County and Summit County Planning Commission for improperly issuing a permit to the Company allowing them to build a rail loading facility in a certain location. In 1994, the Company was named as a defendant in that lawsuit.

As a result of a ruling in that lawsuit, the Company has paid \$15,000 to the Clerk of the Court to be held in escrow pending plaintiffs' appeal of that judgment.

Although no assurances can be given as to the outcome, the Company believes that it has meritorious defenses to such lawsuit. The Company does not believe that the outcome of such proceeding or the pending appeal will have a material effect on its financial position.

UTELITE CORPORATION
Notes to Financial Statements
(See Accountant's Report)

NOTE 6--SUBSEQUENT EVENT--NONBINDING LETTER OF INTENT

The Company has signed a nonbinding Letter of Intent to sell their operating assets to a large company. It is expected that the operations of the Company will continue as they have historically, with different ownership if the sale is consummated.

NOTE 7--SUBSEQUENT EVENT--PLANT EXPANSION AND FINANCING

In January, 1996 the Company entered into a long term financing arrangement with First Security Bank to provide funds for a major plant expansion projected to cost \$1,250,000. The Company is currently engaged in the construction of an additional kiln and the supporting equipment required to bring the new kiln into production.

First Security Bank has agreed to provide financing up to \$1,250,000, payable over a term of ten years at a fixed interest rate 2.67% over the yield of the February 2006 Treasury Bond 9-3/8% yield, as reported in the Wall Street Journal. The yield of this bond was 5.78% on January 12, 1996. The actual interest rate and payment will be determined after construction is complete and final draws have been taken by the Company. The loan will be secured by equipment and fixtures at the plant site.